

REPORT TO THE TWENTY-FIFTH LEGISLATURE  
STATE OF HAWAII  
2009

PURSUANT TO SECTION 31 OF ACT 213, SESSION LAWS OF HAWAII, 2007,  
REQUIRING THE DEPARTMENT OF HEALTH TO INCREASE THE ANNUAL  
PENSIONS FOR THE RESIDENTS OF KALAUPAPA SETTLEMENT

PREPARED BY:

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
DECEMBER 2008

## EXECUTIVE SUMMARY

In accordance with Section 31, Act 213, SLH 2007 (hereafter referred to as Section 31, the Department of Health (DOH) is submitting a report to the 2009 Legislature on the implementation of pension increases for the residents of Kalaupapa who qualify for an appropriate increase.

Section 31, provided the DOH with additional general funds of \$4,243 for fiscal year (FY) 2008 and \$2,709 for FY 2009 to adjust the annual pensions for the residents of Kalaupapa settlement.

Section 31, stipulated that Kalaupapa pensioners receiving less than \$4,000 annually were to be granted a 5 percent increase in FY 2008, and a 2.5 percent increase in FY 2009. Pensioners receiving more than \$4,000 but less than \$5,000 annually were to be granted a 4 percent increase in FY 2008 and a 2.5 percent increase in FY 2009. Pensioners receiving \$5,000 or more annually were to be granted a 2.5 percent increase in FY 2008 and a 2.5 percent increase in FY 2009.

The Governor's Budget Execution Policies for FY 2008 stated that Section 31 was defective, and that the Department of Health should seek the opinion of the Department of Attorney General regarding the implementation of the Section. The DOH consulted with the Attorney General, and the Attorney General determined that Section 31 was indeed defective, and that new legislation was required in order to implement the increases to the Kalaupapa Patient Employee Program pensions.

On April 30, 2008, Governor Linda Lingle signed bill S.B. 3228 H.D.1 into law as Act 49. Act 49 included the necessary changes to Hawaii Revised Statutes, Section 326-23 Pensions for patient employees at facilities, to allow for the increases to the Kalaupapa pensions.

In June 2008, the DOH implemented the increases to the Kalaupapa patient employee pension payments. The first payment was made on June 4, 2008, in the form of retroactive payments due to the patients for the increased benefits owed to them in FY 2008. Based on the criteria set by the legislature, five patient employee retirees received a 5 percent increase, ten received a 4 percent increase, and six received a 2.5 percent increase in FY 2008. In total, the patients received \$3,120 in retroactive payments for the FY 2008 pension increase. In FY 2009, the patient pension payments were increased by 2.5 percent. It is estimated that in total, the patient pensioners will receive an additional \$2,944 in increased pension benefits for FY 2009. With the passing of patients, the number of Kalaupapa patient employees receiving pension payments as of October 2008 has declined to 16.

## **REPORT TO THE LEGISLATURE**

### **IN COMPLIANCE WITH SECTION 31, ACT 213, SLH 2007**

In accordance with Section 31, Act 213, SLH 2007 (hereafter referred to as Section 31), the Department of Health (DOH) is submitting a report to the 2009 Legislature on the implementation of pension increases for the residents of Kalaupapa who qualify for an appropriate increase.

HRS §326-23 provides for a pension for all patient employees or patient laborers at every facility maintained for the treatment and care of persons with Hansen's disease (i.e. Kalaupapa Settlement) upon retirement after twenty years or more service with the DOH. HRS §326-23 includes language on the calculation of pension benefits, but does not include language for adjustments or increases to those benefits. Kalaupapa patient employee pensioners, unlike State civil service retirees, do not receive an annual increase to their pension benefits to adjust for cost of living increases.

Section 31, provided the DOH with additional general funds of \$4,243 for FY 2008 and \$2,709 for FY 2009 to adjust the annual pensions for the residents of Kalaupapa settlement. Section 31 stipulated that Kalaupapa pensioners receiving less than \$4,000 annually were to be granted a 5 percent increase in FY 2008, and a 2.5 percent increase in FY 2009. Pensioners receiving more than \$4,000 but less than \$5,000 annually were to be granted a 4 percent increase in FY 2008 and a 2.5 percent increase in FY 2009. Pensioners receiving \$5,000 or more annually were to be granted a 2.5 percent increase in FY 2008 and a 2.5 percent increase in FY 2009.

The Governor's Budget Execution Policies for FY 2008 stated that Section 31 (General Appropriations Act of 2007) was defective, and that DOH should seek the opinion of the Department of Attorney General regarding the implementation of the Section. The DOH consulted with the Attorney General, and the Attorney General determined that Section 31 was indeed defective, and that new legislation was required in order to implement the increases to the Kalaupapa Patient Employee Program pensions.

On April 30, 2008, Governor Linda Lingle signed into law S.B. 3228 H.D.1 becoming Act 49. Act 49 included the necessary changes to HRS § 326-23, Pensions for patient employees at facilities, to allow for the increases to the Kalaupapa pensions.

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receive an additional \$2,944 in increased pension benefits for FY 2009. With the passing of patients, the number of Kalaupapa patient employees receiving pension payments as of October 2008 has declined to 16.

On June 4, 2008, a total of \$2,719 was disbursed to the pensioners for payment for the increase to their pension for the period July 1, 2007 through May 31, 2008. On June 27, 2008, a total of \$228 was paid by the DOH for the pension increase for the month June 2008. In late June 2008, a total of \$173 was disbursed for the pension increase due to three pensioners who passed away during FY 2008.